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FM AMCONSUL JERUSALEM
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7293
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEHBS/USEU BRUSSELS PRIORITY

UNCLAS JERUSALEM 000718

SIPDIS

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NEA FOR FRONT OFFICE; NEA/IPA FOR
WILLIAMS/SHAMPAINE/BELGRADE; NSC FOR ABRAMS/DORAN/WATERS;
TREASURY FOR NUGENT/HIRSON

E.O. 12958: N/A

TAGS: [ECON](#) [EIND](#) [PREL](#) [KWBG](#)

SUBJECT: EASTER BRINGS FEW PALESTINIAN PILGRIMS TO
JERUSALEM BUT BUOYS ARAB HOTELS

REF: A) TEL AVIV 913 B) 2005 JERUSALEM 4022

11. (SBU) Summary: Pilgrims crowded Jerusalem's Old City for Easter in 2007, with approximately 85 percent coming from abroad, and the rest from within Israel. Despite GOI assurances that more generous access would be provided to Palestinian pilgrims for the holiday, very few Palestinian Christians from the West Bank were able to cross into Jerusalem. East Jerusalem hotels, traditionally dependent on Christian pilgrims for business, reached 100 percent occupancy during Holy Week. For the year (2006), the average occupancy rate among East Jerusalem hotels was 36 percent, up from 10 percent in 2001-2003 and 21 percent in 2005. End Summary.

More Pilgrims Arriving,
But Access Problems Remain

12. (SBU) Pilgrims crowded Jerusalem's Old City for Easter in 12007. Approximately 85 percent of pilgrims came from abroad, primarily from Europe and Egypt, and another 15 percent came from within Israel.

13. (SBU) Despite GOI assurances that access to Jerusalem would be provided to Palestinian pilgrims for the holiday season (ref A), Arab hotel owners reported few West Bank Christians among their customers. A group of Palestinian Christian NGOs issued a statement on March 29, complaining of lack of access to the Church of the Holy Sepulcher. Local papers reported that President Abbas met with the heads of the Christian churches, including the Greek Orthodox Patriarch, Latin Patriarch, the local head of the Anglican Church, and other local Christian religious leaders, in Bethlehem on April 10, to mark Easter. He criticized Israel for "preventing the believers from reaching the holy sites." Major crossing points were closed throughout the Jewish holiday of Passover, which coincided with the Christian Holy Week. OCHA's weekly report for April 4-10 noted that only the Gilo/Rachel's Tomb checkpoint was open for Christians holding special permits.

Modest Improvements in East Jerusalem
Hotels' Occupancy Rates

14. (SBU) According to the Arab Hotels Association (AHA), occupancy rates in Arab-owned East Jerusalem hotels reached nearly 100 percent for the Holy Week, a pattern also seen in 12006. Raed Saadeh, owner of the Jerusalem Hotel and President of the AHA, said that improved occupancy rates this

year were partially due to the overflow from Israeli hotels during Passover.

15. (SBU) Saadeh nervously welcomed the improvements, as East Jerusalem's hotel industry has undergone painful adjustments since 2000 (ref B). Saadeh noted that, of the 37 East Jerusalem hotels operating in 2000, 22 remain open, eight have closed completely, and seven more are partially closed or converted to other purposes. The cyclical nature of demand has led some East Jerusalem hotels, such as the Mount Scopus Hotel, to open only for the spring holiday season. Only seven or eight of the remaining hotels, such as the Ambassador and the American Colony, enjoy robust business.

16. (SBU) AHA data suggest the industry may be beginning a modest recovery. The average occupancy rate among Arab-owned East Jerusalem hotels was 36 percent in 2006, an increase from 10 percent in 2001-2003 and 21 percent in 2005, and approaching the rates of the mid-1990s.

17. (SBU) Despite the recent improvements, Saadeh said that East Jerusalem hotels remain vulnerable to changes in economic conditions. East Jerusalem hotels generally target pilgrims and do not have the facilities necessary to widen their appeal to other market segments. The hotels face stiff competition for pilgrims' business from religious guesthouses, as well as Israeli hotels in West and East Jerusalem. Furthermore, costs have increased as West Bank labor has been cut off and licensing requirements and inspections have forced the payment of costly fees.

WALLES